



BPA Transmission Services

Oversupply Management Protocol, Version 6 *and* Real Power Loss Return, Version 13

Response to Customer Comments

Posted: April 12, 2017

This document contains the Transmission Customer comments and Transmission Services' response to those comments for the Oversupply Management Protocol, Version 6 and Real Power Loss Return, Version 13 Business Practices posted for review from Mar. 30, 2017 – Apr. 5, 2017.

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Avangrid

Avangrid Comment:

Avangrid appreciates the opportunity to comment on the proposed OMP business practice change related to the voluntary waiving of loss returns.

Currently, BPA is contacting potential volunteers between 8 – 10am of the preschedule day and requesting participation in the voluntary waiving of loss return obligation. Additionally, the request is for a range of hours determined by BPA to be compatible with its oversupply management needs. While Avangrid certainly understands and appreciates the fact that BPA is eliminating the loss obligation on its customers while simultaneously creating more room to manage oversupply, the timing and duration/period of BPA's request actually introduces some unintended complexities for Avangrid. By the time BPA extends the request for volunteers, the trading activities for the preschedule day are already complete. Whether Avangrid is self-supplying its own loss return obligation, or employing the services of another counterparty, the timing of BPA's request creates long positions for its customers that cannot be managed or sold as standard market-recognized products.

Avangrid proposes that BPA consider improving the practice of waiving loss returns, thereby making the participation more appealing by doing the following:

1. Request voluntary participation before trading activities for the preschedule day actually begin. This could be that BPA notifies its customers sometime before 4am on the preschedule day and in accordance with the WECC preschedule calendar.



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Transmission Services' Response:

The further in advance of an operating hour that oversupply conditions are analyzed the less certainty there is about the likelihood of an oversupply event. There are numerous continuously changing factors up to the operating hour that impact if or when an oversupply event will occur. This makes it extremely difficult for BPA to predict specifically which hours an oversupply event will materialize on a time horizon prior to 4 am on the preschedule day.

Furthermore, in an effort to manage OMP events without affecting our customers' normal course of business, BPA Marketing actively pursues bilateral transactions to achieve the needed load. BPA is not able to assess the need for volunteers willing to waive their losses until we have completed trading activities and can determine that we are still short of the load needed to help avoid OMP. Unfortunately, this determination occurs after 7 AM when the MIDC bilateral market has already completed the majority of trading activities. BPA understands that customers would like as much notice as possible when we are seeking volunteers willing to waive their losses. BPA Marketing is striving to provide that notice as soon as possible but may not be able to make that notification until as late as 12pm on the preschedule day.

The BPA Trading Floor is seeking to compile a list of volunteers interested in having their loss return obligations voluntarily waived. BPA's Physical In-Kind Loss providers interested in being contacted when BPA is in need of volunteers are encouraged to contact the BPA Trading Floor. To receive the notifications for when BPA is seeking volunteers, customers should contact:

BPA Trading Floor: (503) 230-4111 or email [BPA Marketing@BPA.GOV](mailto:BPAMarketing@BPA.GOV)

Avangrid Comment:

2. Provide for the waiving of loss returns for periods of time that are compatible with standard trading products. For example, BPA could request volunteers for LLH or HLH before 4am on the preschedule day according to the WECC preschedule calendar.

Transmission Services' Response:

As stated above, BPA cannot make a determination on the need for waiving loss returns until after 7am of the preschedule day. In addition, oversupply events rarely align with standard trading hours; however, if they do BPA will seek volunteers for these periods of time. BPA may seek volunteers for as many hours as is needed to reduce or avoid the need for displacement.



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EWEB

EWEB Comment

EWEB respectfully opposes the language that has been added to Section E.6., Waiving Loss Return Obligations in Real-Time. EWEB contracts with multiple third-parties to provide in-kind loss return service as a way to manage its physical system length. These transactions are sales of a prescheduled volume of energy at EWEB's system. If that loss return schedule is cut from EWEB's system, EWEB will be forced to buy additional point-to-point (PTP) transmission to market that energy; i.e., to find a new load. This would result in adding both cost and complexity to EWEB's real-time marketing operation.

Transmission Services' Response:

A curtailment of loss return tags from customers who have elected in-kind loss returns is a last resort should BPA not obtain enough volunteers ahead of the operating hour. BPA would like to encourage EWEB to work with its customers who have asked to have their loss return obligations waived. Securing volunteers in preschedule provides EWEB with the time necessary to adjust its system and marketing operations, redirect transmission as may be necessary, plus avoid loss return tag curtailments all together.

Additionally, and as noted above, loss returns are a prescheduled transaction. As such, EWEB respectfully requests that BPA provide notification of all mandatory curtailments prior to 5:00AM on the preschedule day. Any notification after that time puts EWEB at risk of being unable to balance its system. The potential impact here is significant; for example, during the month of March, 2017, EWEB's third-party loss return schedules totaled roughly 28% of EWEB's average system load during that same period. Given this volume, EWEB is unable to schedule all of its third-party in-kind loss returns from Slice, as doing so would lead to EWEB failing its Requirements Slice Output Test (RSO Test). EWEB desires the opportunity to discuss this issue further with BPA, as modifying the RSO Test to include third-party in-kind loss returns as "load" under Slice-to-Load Delivery, or simply waiving RSO Test compliance during OMP events, would have the benefit of increasing the load available to EWEB Slice during OMP events and remove this obstacle to OMP implementation and the associated negative impact to EWEB and its customers.

Transmission Services' Response:

BPA seeks to obtain volunteers to have their in-kind loss return obligations waived in the preschedule timeframe. BPA does not know on the preschedule day if there will be a need to curtail loss return tags. The curtailment of tags is an operational evaluation that occurs in real-time.

Third party loss returns are not part of a customer's load, and therefore, should not count toward a customer's RSO Test. As EWEB correctly stated, using a large portion of their Slice energy to return third party losses may adversely impact their RSO test results, as it would limit the use of Slice for load service. EWEB should take steps to assure they use their Slice energy to meet load, and the RSO test, prior to returning third party



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losses from Slice. Doing so would protect the RSO Test from the impact of curtailed third party loss returns. Power Services is unwilling to account for third party loss returns as "to-load", or waive the RSO Test during OMP events.

EWEB Comment

Further, please note that as an entity within the BPA Balancing Area Authority (BAA), if EWEB is unable to balance its system due to the proposed real-time curtailments, there is a significant risk of EWEB being forced into a positive imbalance situation with BPA. This would of course result in BPA failing to achieve the desired impact through curtailment of these in-kind loss return tags, with the corresponding risk of further exacerbating an OMP event. To that end, EWEB requests additional clarity as to how BPA would treat EWEB imbalance in that situation. Section K of the OMP Business Practice, Version 6, is titled "Adjustments to Energy and Generation Imbalance Accounting During an Oversupply Event." Section K.1 goes on to state "...Generation Imbalance accounting is disabled for all Generating Customers that are issued an order to modify generation for the OMP." However, EWEB is not subject to Generation Imbalance; as a load within the BPA BAA and a generating entity utilizing system schedules, all EWEB imbalance is Energy Imbalance. Though the term "Energy Imbalance" is included in the title of the Section, there is no mention of Energy Imbalance therein. Additional clarity is required for EWEB and similarly situated customers to understand and anticipate the impact of this proposed language.

Transmission Services' Response:

Energy Imbalance charges on Load Serving Entities (LSE) are not suspended when generation from behind-the-meter resources is displaced under Attachment P of the BPA Transmission Tariff. Section K.2 of the Oversupply Management Protocol business practice addresses the adjustments BPA makes for Energy Imbalance.

EWEB Comment

Finally, EWEB seeks clarity in regards to BPA's proposed treatment of costs under Section D of the OMP Business Practice, Version 6, titled "Submitting Cost Information for Oversupply Management Protocol." Section D.3 of that Section goes on to state "If Customers do not submit displacement costs... the displacement cost for these generating facilities shall be deemed to be \$0/MWh." As a generating entity with a portfolio comprised primarily of hydro resources, EWEB chose not to submit displacement cost data. As such, it is assumed the displacement cost for EWEB generation has been deemed \$0/MWh. To the extent that real-time curtailment of EWEB's in-kind loss returns forces EWEB to "find" load in real-time, and that doing so results in EWEB's exposure to negatively priced markets, it is EWEB's assumption that BPA will reimburse EWEB for that displacement cost under Attachment P of BPA's OATT. EWEB respectfully requests clarification and confirmation of this assumption, as it is not clear as written.

Transmission Services' Response:

The curtailment of loss return schedules does not qualify for compensation. Attachment P of BPA's Open Access Transmission Tariff specifies what qualifies for compensation. Under Section 3.c, compensation is available only for production tax credits, renewable



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energy credits, and certain costs related to bundled sales of energy and renewable energy credits. In addition, under Section 1.b of Attachment P, the waiving of loss returns is intended to avoid using the cost curve for displacement, not intended to be part of the cost curve.

Powerex

Powerex Comment

Powerex recognizes the challenges Bonneville is facing with respect to regional oversupply conditions. The combination of seasonal run-off, seasonal load levels, and renewable resource output creates significant challenges for all Balancing Authority Areas in the Northwest, as well as other regions of WECC. As such, while Powerex is supportive of Bonneville's existing offer to solicit volunteers to waive in-kind real power loss return obligations in the pre-schedule window, Powerex is concerned with the proposed addition of Section E.6 of Oversupply Management Protocol, "Waiving Loss Return Obligations in Real-Time." Curtailing loss returns without customer consent, and without advanced notice, may simply transfer Bonneville's oversupply conditions to its neighboring BAAs. This establishes a precedent that might lead to cascading curtailments across the region. For example, if neighboring BAAs are unable to absorb the curtailments they may in-turn be forced to cut purchases from Bonneville to maintain appropriate generation or transmission levels.

Accordingly, Powerex encourages BPA to make best efforts to resolve oversupply conditions in the pre-schedule window. To the extent BPA does decide to periodically curtail in-kind losses in real time, Powerex encourages BPA to issue real time curtailments by no later than 90 minutes prior to the operating hour. Powerex is hopeful that this will facilitate the ability for customers affected by these curtailments to take actions that might avoid the need to issue cascading schedule curtailments. Finally, Powerex urges BPA to commit to not curtail in-kind losses after 30 minutes prior to the operating hour under any circumstances.

Transmission Services' Response:

Because oversupply events can be difficult to forecast, BPA is not able to commit to a curtailment at a specific time. BPA will, however, make every effort to resolve oversupply conditions in the preschedule window, including seeking volunteers for the waiver of their real power loss return obligations. There may be times once an event has started where BPA may issue the tag curtailment for more than one hour, providing a longer notification period for the tag curtailments.